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FEDERAL ELECTION COMMISSION

In the matter of : U.S.-Cuba Democracy Political Action Committee
Gus Machado, Treasurer
Step toe & Johnson

MUR No.:

5676

COMPLAINT

1. Citizens for Responsibility and Ethics in Washington hereby brings this complaint before the Federal Election Commission seeking an immediate FEC investigation and enforcement action against the U.S.-Cuba Democracy Political Action Committee, Gus Machado and Steptoe & Johnson for direct and serious violations of federal campaign finance law.

Complainant

2. Citizens for Responsibility and Ethics in Washington is a non-profit, non-partisan organization dedicated to ensuring accountability in public officials.

Respondents

3. The U.S.-Cuba Democracy Political Action Committee is a political committee registered under the Federal Election Campaign Act. 2 U.S.C. § 433. Gus Machado is the treasurer of the U.S.-Cuba Democracy Political Action Committee.

4. Steptoe & Johnson is a law firm operating in the District of Columbia. Steptoe & Johnson is also a federal government contractor, performing work for the Department of Agriculture. *See*

http://www.fedvendor.com/contract_award/index.htm?ftype=3&fonlytitle=0&fkeyword=steptoe

Factual Allegations

5. In its 2003 Mid-Year Report, the U.S.-Cuba Democracy Political Action Committee reported a debt of \$18,262.50 to the law firm of Steptoe & Johnson. U.S.-Cuba

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Democracy Political Action Committee FEC Form 3X, Report of Receipts and Disbursements, filed July 16, 2003, at page 7 (attached as Exhibit A).

6. In its 2005 Mid-Year Report, the U.S.-Cuba Democracy Political Action Committee reports that it still owes Steptoe & Johnson \$15,262.50. U.S.-Cuba Democracy Political Action Committee FEC Form 3X, Report of Receipts and Disbursements, filed July 29, 2005, at page 138 (attached as Exhibit B).

7. The U.S.-Cuba Democracy Political Action Committee has failed to pay its debt to Steptoe & Johnson for two years, despite reporting that the PAC has \$266,455.06 in cash on hand as of June 30, 2005. U.S.-Cuba Democracy Political Action Committee FEC Form 3X, Report of Receipts and Disbursements, filed July 29, 2005, at page 2 (attached as Exhibit C).

8. According to the guidance provided to nonconnected committees by the Federal Election Commission, a “vendor may not extend credit to a political committee for a longer period of time than is normally practiced in the creditor’s trade.” “When a political committee fails to pay a debt owed to a . . . vendor within the time specified by the vendor, a prohibited contribution by the vendor may result . . . if the vendor fails to make a commercially reasonable attempt to collect a debt from the committee . . .” Campaign Guide for Nonconnected Committees, at 11; see also 11 C.F.R. §116.3. Here, it appears that Steptoe & Johnson has extended credit to the U.S.-Cuba Democracy PAC for at least two years – a period of time which cannot possibly be considered “commercially reasonable” – and has apparently not made any attempt to collect the debt from the committee.

COUNT I

9. The Federal Election Campaign Act (“FECA”) and Federal Election Commission (“FEC”) regulations prohibit federal government contractors from making contributions to

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federal political committees. 2 U.S.C. §441c(a)(1); 11 C.F.R. §115.2 Indeed, FEC regulations specifically state that the assets of a partnership which is a federal contractor may not be used to make contributions or expenditures in connection with federal elections. 11 C.F.R. §115.4(a). As Steptoe & Johnson was awarded a government contract on or about September 23, 2002 with the Department of Agriculture in the amount of \$4,635,800, Steptoe & Johnson was a federal contractor within the meaning of 2 U.S.C. §441c(a)(1) and 11 C.F.R. §115.1(a) at the time it made a contribution of \$15,262.50 to the U.S.-Cuba Democracy Political Action Committee. As a result, Steptoe & Johnson has made a prohibited contribution of \$15,262.50 to the U.S.-Cuba Democracy Political Action Committee in violation of 2 U.S.C. §441c(a)(1) and 11 C.F.R. §115.2(a).

COUNT II

10. FEC regulations require a federal political committee to refuse to accept a contribution from a federal contractor. 11 C.F.R. §103.3(b)(1). Moreover, the treasurer of a federal political committee is required to make at least one oral or written request for evidence of the legality of the contribution. Id. If the contribution cannot be determined to be legal, the treasurer of the federal political committee is required to return the contribution within thirty days. Id. By failing to determine whether Steptoe & Johnson was a federal contractor and by failing to pay Steptoe & Johnson the remaining \$15, 262.50 of its initial bill for legal services, the U.S.-Cuba Democracy Political Action Committee and its treasurer, Gus Machado, violated 11 C.F.R. §103.3(b)(1).

WHEREFORE, Citizens for Responsibility and Ethics in Washington requests that the Federal Election Commission conduct an investigation into these allegations, declare the

respondents to have violated the federal campaign finance laws, impose sanctions appropriate to these violations and take such further action as may be appropriate.



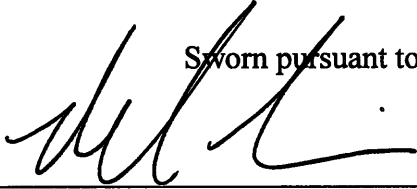
Melanie Sloan, Executive Director
Citizens for Responsibility and Ethics in
Washington
11 Dupont Circle, N.W., 2nd Floor
Washington, D.C. 20036
(202) 588-5565

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Verification


Citizens for Responsibility and Ethics in Washington, acting through Melanie Sloan, hereby verifies that the statements made in the attached Complaint are, upon information and belief, true.

Sworn pursuant to 18 U.S.C. § 1001.



Melanie Sloan

Sworn to and subscribed before me this 10th day of August, 2005.


Notary Public

Blanca M. Clayton
Notary Public, District of Columbia
My Commission Expires 04-30-2007

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EXHIBIT A

FEC
FORM 3XREPORT OF RECEIPTS
AND DISBURSEMENTS

For Other Than An Authorized Committee

RECEIVED
FEC MAIL
OPERATIONS CENTER

2003 JUL 21 A 11:39

Cover Only

1. NAME OF
COMMITTEE (In full)

TYPE OR PRINT ▼

Example: If typing, type
over the lines.

12F84M5

U.S. CUBA DEMOCRACY POLITICAL ACTION COMMITTEE

ADDRESS (number and street)

1,200 WEST 49TH STREET

Check if different
than previously
reported. (AGC)

HIALEAH

FL

33012-

2. FEC IDENTIFICATION NUMBER ▼

CITY ▲

STATE ▲

ZIP CODE ▲

C00387720

3. IS THIS
REPORTNEW
(N)

OR

AMENDED
(A)4. TYPE OF REPORT
(Choose One)(b) Monthly
Report
Due On:

Feb 20 (M2)



May 20 (M5)



Aug 20 (M8)

Nov 20 (M11)
(Non-Election
Year Only)

Mar 20 (M3)



Jun 20 (M6)



Sep 20 (M9)

Dec 20 (M12)
(Non-Election
Year Only)

Apr 20 (M4)



Jul 20 (M7)



Oct 20 (M10)



Jan 21 (YE)

April 15
Quarterly Report (Q1)July 15
Quarterly Report (Q2)October 15
Quarterly Report (Q3)January 31
Year-End Report (YE)July 31 Mid-Year
Report (Non-election
Year Only) (MY)Termination Report
(TER)(c) 12-Day
PRE-Election
Report for the

Primary (12P)



General (12G)



Runoff (12R)



Convention (12C)



Special (12S)

Election on

06/18/03

06/18/03

06/18/03

in the
State of

FL

(d) 30-Day
POST-Election
Report for the

General (30G)



Runoff (30R)



Special (30S)

Election on

06/18/03

06/18/03

06/18/03

in the
State of

FL

5. Covering Period

06/18/03

07/16/03

2003

through

06/18/03

07/16/03

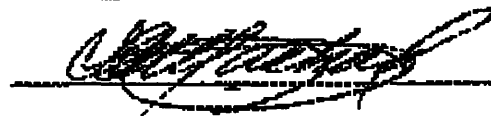
2003

I certify that I have examined this Report and to the best of my knowledge and belief it is true, correct and complete.

Type or Print Name of Treasurer

GUS MACHADO

Signature of Treasurer



Date

06/18/03

07/16/03

2003

NOTE: Submission of false, erroneous, or incomplete information may subject the person signing this Report to the penalties of 2 U.S.C. § 1975g.

Office
Use
OnlyFEC FORM 3X
(Rev. 02/2003)

SCHEDULE D (FEC Form 3X)

DEBTS AND OBLIGATIONS

Excluding Loans

(Use separate
schedule(s)
for each
numbered line)

PAGE 1 OF 1

FOR LINE NUMBER:
(check only one)☐ 8
☒ 10

NAME OF COMMITTEE (in full)

US-CUBA Democracy Political Action Committee

A. Full Name (Last, First, Middle Initial) of Debtor or Creditor

Stepice and Johnson LLP

Nature of Debt (Purpose):

Legal Expenses

Mailing Address

1330 Connecticut Ave., N.W.

City State

Washington, D.C.

Zip Code

20036

Outstanding Balance Beginning This Period

Amount Incurred This Period

18,262.50

Payment This Period

Outstanding Balance at Close of This Period

18,262.50

B. Full Name (Last, First, Middle Initial) of Debtor or Creditor

Nature of Debt (Purpose):

Mailing Address

City State

Zip Code

Outstanding Balance Beginning This Period

Amount Incurred This Period

Payment This Period

Outstanding Balance at Close of This Period

C. Full Name (Last, First, Middle Initial) of Debtor or Creditor

Nature of Debt (Purpose):

Mailing Address

City

State

Zip Code

Outstanding Balance Beginning This Period

Amount Incurred This Period

Payment This Period

Outstanding Balance at Close of This Period

1) SUBTOTAL \$ This Period This Page (optional)

2) TOTAL \$ This Period (last page this line number only)

3) TOTAL OUTSTANDING LOANS from Schedule C (last page only)

4) ADD 2) and 3) and carry forward to appropriate line of Summary Page (last page only)

18,262.50

18,262.50

260491A4045

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EXHIBIT B

FEC
FORM 3XREPORT OF RECEIPTS
AND DISBURSEMENTS
For Other Than An Authorized Committee

Office Use Only

1 NAME OF
COMMITTEE (in full)USE FEC MAILING LABEL
OR TYPE OR PRINTExample: If typing, type
over the lines

U.S.-Cuba Democracy Political Action Committee

ADDRESS (number and street)

1200 West 49th Street

Check if different
than previously
reported (ACC)

Hialeah

FL

33012

2. FEC IDENTIFICATION NUMBER

CITY A

STATE A

ZIP CODE A

C00387720

3 IS THIS
REPORTNEW
(N) OR

X

AMENDED
(A)4. TYPE OF REPORT
(Choose One)

(a) Quarterly Reports.

April 15
Quarterly Report (Q1)July 15
Quarterly Report (Q2)October 15
Quarterly Report (Q3)January 31
Quarterly Report (YE)X July 31 Mid-Year
Report (Non-election
Year Only) (MY)Termination Report
(TER)(b) Monthly
Report
Due On:

Feb 20 (M2)

May 20 (M5)

Aug 20 (M8)

Nov 20 (M11)
(Non-Election
Year Only)

Mar 20 (M3)

Jun 20 (M6)

Sep 20 (M9)

Dec 20 (M12)
(Non-Election
Year Only)

Apr 20 (M4)

Jul 20 (M7)

Oct 20 (M10)

Jan 31 (YE)

(c) 12-Day
PRE-Election
Report for the:

Primary (12P)

General (12G)

Runoff (12R)

Convention (12C)

Special (12S)

Election on

in the
State of(d) 30-Day
Post-Election
Report for the:

General (30G)

Runoff (30R)

Special (30S)

Election on

in the
State of

5. Covering Period

01

01

2005

through

06

30

2005

I certify that I have examined this Report and to the best of my knowledge and belief it is true, correct and complete.

Type or Print Name of Treasurer

Mr. Gus Machado

Signature of Treasurer

Electronically Filed by Mr. Gus Machado

Date

07

29

2005

NOTE: Submission of false, erroneous, or incomplete information may subject the person signing this Report to the penalties of 2 U.S.C. 437g.

Office
Use
OnlyFEC FORM 3X
(Rev. 02/2003)

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SCHEDULE D (FEC Form 3X)

DEBTS AND OBLIGATIONS

Excluding Loans

NAME OF COMMITTEE (In Full)

U.S.-Cuba Democracy Political Action Committee

(Use separate
schedule(s)
for each
numbered line)

PAGE 138 / 139

FOR LINE NUMBER
(check only one)

☐ 9
☒ 10

A Full Name (Last, First Middle Initial) of Debtor or Creditor
Steptoe and Johnson LLP

Nature of Debt (Purpose)
Legal Services

Mailing Address 1330 Connecticut Avenue

City State ZIP Code
Washington DC 20036

Outstanding Balance Beginning This Period

Transaction ID: SD10 4132

15262 50

Amount Incurred This Period

Payment This Period

Outstanding Balance at Close of This Period

0 00

0 00

15262 50

1) SUBTOTALS This Period This Page (optional)	▶	15262.50
2) TOTALS This Period (last page this line number only)	▶	15262.50
3) TOTALS OUTSTANDING LOANS from Schedule C (last page only)	▶	
4) ADD 2) and 3) and carry forward to appropriate line of Summary Page (last page only) ▶		

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EXHIBIT C

FEC
FORM 3XREPORT OF RECEIPTS
AND DISBURSEMENTS
For Other Than An Authorized Committee

Office Use Only

1. NAME OF
COMMITTEE (In full)USE FEC MAILING LABEL
OR TYPE OR PRINTExample: If typing, type
over the lines

U S -Cuba Democracy Political Action Committee

ADDRESS (number and street)

1200 West 48th Street

Check if different
than previously
reported (ACC)

Hialeah

FL

33012

2. FEC IDENTIFICATION NUMBER

CITY A

STATE A

ZIP CODE A

C00387720

3 IS THIS
REPORTNEW
(N)

OR

X

AMENDED
(A)4. TYPE OF REPORT
(Choose One)

(a) Quarterly Reports

April 15
Quarterly Report (Q1)July 15
Quarterly Report (Q2)October 15
Quarterly Report (Q3)January 31
Quarterly Report (YE)X July 31 Mid-Year
Report (Non-election
Year Only) (MY)Termination Report
(TER)(b) Monthly
Report
Due On

Feb 20 (M2)

May 20 (M5)

Aug 20 (M8)

Nov 20 (M11)
(Non-Election
Year Only)

Mar 20 (M3)

Jun 20 (M6)

Sep 20 (M9)

Dec 20 (M12)
(Non-Election
Year Only)

Apr 20 (M4)

Jul 20 (M7)

Oct 20 (M10)

Jan 31 (YE)

(c) 12-Day
PRE-Election
Report for the

Primary (12P)

General (12G)

Runoff (12R)

Convention (12C)

Special (12S)

Election on

in the
State of(d) 30-Day
Post-Election
Report for the

General (30G)

Runoff (30R)

Special (30S)

Election on

in the
State of

5. Covering Period

01

01

2005

through

06

30

2005

I certify that I have examined this Report and to the best of my knowledge and belief it is true, correct and complete.

Type or Print Name of Treasurer

Mr. Gus Machado

Signature of Treasurer

Electronically Filed by Mr. Gus Machado

Date

07

29

2005

NOTE: Submission of false, erroneous, or incomplete information may subject the person signing this Report to the penalties of 2 U.S.C. 437g

Office
Use
OnlyFEC FORM 3X
(Rev. 02/2003)

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**SUMMARY PAGE
OF RECEIPTS AND DISBURSEMENTS**

FEC Form 3X (Rev 02/2003)

Page 2

Write or Type Committee Name
U.S -Cuba Democracy Political Action Committee

Report Covering the Period: From 01 01 2005 To 06 30 2005

	COLUMN A This Period	COLUMN B Calendar Year-to-Date
6. (a) Cash on Hand January 1 2005		270101.54
(b) Cash on Hand at Beginning of Reporting Period . . .	270101 54	
(c) Total Receipts (from Line 19)	219942.44	219942.44
(d) Subtotal (add lines 6(b) and 6(c) for Column A and Lines 6(a) and 6(c) for Column B)	490043 98	490043 98
7. Total Disbursements (from Line 31)	223588 92	223588.92
8. Cash on Hand at Close of Reporting Period (subtract Line 7 from Line 6(d))	266455 06	266455 06
9. Debts and Obligations owed TO the committee (itemize all on Schedule C and/or Schedule D)	0.00	
10 Debts and Obligations owed BY the committee (itemize all on Schedule C and/or Schedule D)	15262.50	

This Committee has qualified as a multicandidate committee (see FEC FORM 1M)

For further information contact:

Federal Election Commission
999 E street, NW
Washington, DC 20463

Toll Free 800-424-9530
Local 202-694-1100

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